

Testimony of Todd A. Fagan Judiciary Committee Public Hearing March 3, 2010

Senate Bill 225, *An Act Concerning The Duties of a Mortgagee in a Foreclosure Action on Residential Real Property*

Thank you for the opportunity to testify, on behalf of the Judicial Branch, on Senate Bill 225, *An Act Concerning the Duties of a Mortgagee in a Foreclosure Action on Residential Real Property*. This bill, which is part of the Judicial Branch's legislative package, would streamline the foreclosure process and require Lenders to conform to the loan modification process utilizing good faith tactics.

I am a foreclosure counselor at the Housing Development Fund, a 501(c) 3, HUD certified housing counseling agency and lender serving families throughout southwestern Connecticut. HDF operates various down payment assistance programs, which have helped over 1,000 low- and moderate-income households achieve the dream of homeownership. We are headquartered in Stamford, with additional offices in Bridgeport and Danbury. At HDF, we also have firsthand experience with the frustrations inherent in the foreclosure process. Our Foreclosure Intervention Program launched in late 2008, and we currently have two dedicated counselors and several volunteers committed to assisting southwestern Connecticut's troubled homeowners. Last March, we worked with Representative Jim Himes and a select group of government officials and community organizations to address the foreclosure crisis, and in August we hosted a foreclosure prevention forum to bring bank representatives and homeowners face to face. We've also collaborated with the Connecticut Bar Association to offer training in foreclosure defense in exchange for legal assistance – in total, our efforts have helped more than 200 families avoid foreclosure.

Despite our successes, our mortgage counselors and clients are becoming increasingly frustrated with the modification process. There is an incredibly long wait time to get a mortgage representative on the phone, and we frequently receive inconsistent information from different representatives. These discrepancies include:

- Being provided inaccurate information regarding the specific supporting documentation that is required by the Lender

- Having to fax the authorizations and the subsequent documentation several times before the Lender/Bank acknowledges they have received the information

In many cases our clients are told that they qualify for a modification only to receive a letter shortly thereafter stating that they have been denied. These types of delays can set back the modification process by weeks.

Quite frankly, S.B. No. 225 requiring that Banks appoint a case manager will be a positive effort, not only for the mortgage counselors but also for the many clients we serve, who are often so stressed by the entire modification process that they simply give up. My only hope is that the Lenders will appoint a high-level person to this case manager position – one with real decision-making authority, who will follow the case from inception to resolution.

Thank you again for the opportunity to testify.